

ORIGINAL

OPEN MEETING



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MEMORANDUM RECEIVED
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2016 JUL 26 A 9:01

Arizona Corporation Commission

DOCKETED

JUL 26 2016

TO: THE COMMISSION

FROM: Utilities Division

DATE: July 26, 2016

DOCKETED BY *KE*

RE: IN THE MATTER OF THE APPLICATION OF MORENCI WATER AND ELECTRIC COMPANY - ELECTRIC DIVISION - FOR WAIVER OF THE RENEWABLE ENERGY STANDARD AND TARIFF RULES (DOCKET NO. E-01049A-16-0206)

On June 24, 2016, Morenci Water and Electric Company ("MWE") filed an application requesting a complete waiver of the Renewable Energy Standard and Tariff Rules ("REST Rules").

MWE claims that it has always faced challenges in complying with both the Annual Renewable Energy Requirement and the annual Distributed Renewable Energy Requirement. MWE has, however, been able to acquire bundled energy with renewable energy credits ("RECs") as defined under the REST Rules, and has provided incentives to customers for eligible Distributed Energy Renewable Resources ("DERs"). MWE now states that procuring such bundled energy and RECs has become impossible, and no additional customers have come forward with any applications to receive incentives for such eligible DERs. Therefore, MWE believes the time is right to request a complete waiver of the REST Rules. MWE has requested and been granted partial waivers in the past.

Should the Arizona Corporation Commission ("Commission") decide to not approve a complete waiver, then as an alternative, MWE is requesting the same partial waivers it has received in the past. Those waivers are: (1) the waiver to exclude energy sales to Freeport McMoran Inc. mining operations at Morenci and Safford from the calculations of the REST Rules requirements and (2) the waiver of non-mining load from the annual Distributed Renewable Energy Requirement under Arizona Administrative Code ("A.A.C.") R14-2-1805. Further, MWE requests that its Renewable Energy Standard Implementation Plan for 2015 and 2016 ("2015-16 REST Plan") remain in effect for 2017 and 2018.

MWE is correct in its statement that the Commission has granted partial waivers in past REST cases. Staff believes that this is a reasonable option and preferable to the complete waiver requested by MWE.

Staff recommends that the waiver to exclude sales to Freeport McMoran Inc. mining operations at Morenci and Safford from the calculations of the REST Rules requirements should continue.

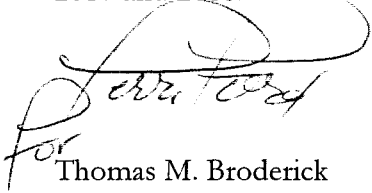
Staff further recommends that the waiver of non-mining load from the annual Distributed Renewable Energy Requirement under A.A.C. R14-2-1805 should continue.

THE COMMISSION

July 26, 2016

Page 2

In addition, Staff recommends that MWE's 2015-16 REST Plan should remain in effect for 2017 and 2018.

A handwritten signature in dark ink, appearing to read "T. Broderick", is written over the printed name.

Thomas M. Broderick
Director
Utilities Division

TMB: JJP:vsc\WVC

ORIGINATOR: Jeffrey Pasquinelli

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 DOUG LITTLE
 Chairman

3 BOB STUMP
 Commissioner

4 BOB BURNS
 Commissioner

5 TOM FORESE
 Commissioner

6 ANDY TOBIN
 Commissioner

7
8 IN THE MATTER OF THE APPLICATION
9 OF MORENCI WATER AND ELECTRIC
10 COMPANY - ELECTRIC DIVISION - FOR
11 WAIVER OF THE RENEWABLE ENERGY
12 STANDARD AND TARIFF RULES.

DOCKET NO. E-01049A-16-0206

DECISION NO. _____

ORDER

13
14 Open Meeting
15 August 9 and 10, 2016
16 Phoenix, Arizona

17 BY THE COMMISSION:

18 FINDINGS OF FACT

19 1. Morenci Water and Electric Company ("MWE") is engaged in providing electric power
20 within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission
21 ("Commission")

22 2. On June 24, 2016, MWE filed an application requesting a complete waiver of the
23 Renewable Energy Standard and Tariff Rules ("REST Rules").

24 3. MWE claims that it has always faced challenges in complying with both the Annual
25 Renewable Energy Requirement and the annual Distributed Renewable Energy Requirement. MWE
26 has, however, been able to acquire bundled energy with renewable energy credits ("RECs") as defined
27 under the REST Rules, and has provided incentives to customers for eligible Distributed Energy
28 Renewable Resources ("DERs"). MWE now states that procuring such bundled energy and RECs has
 become impossible, and no additional customers have come forward with any applications to receive

1 incentives for such eligible DERs. Therefore, MWE believes the time is right to request a complete
2 waiver of the REST Rules. MWE has requested and been granted partial waivers in the past.

3 4. Should the Arizona Corporation Commission ("Commission") decide to not approve a
4 complete waiver, then as an alternative, MWE is requesting the same partial waivers it has received in
5 the past. Those waivers are: (1) the waiver to exclude energy sales to Freeport McMoran Inc. mining
6 operations at Morenci and Safford from the calculations of the REST Rules requirements and (2) the
7 waiver of non-mining load from the annual Distributed Renewable Energy Requirement under A.A.C.
8 R14-2-1805. Further, MWE requests that its Renewable Energy Standard Implementation Plan for 2015
9 and 2016 ("2015-16 REST Plan") remain in effect for 2017 and 2018.

10 5. MWE is correct in its statement that the Commission has granted partial waivers in past
11 REST cases. Staff believes that this is a reasonable option and preferable to the complete waiver
12 requested by MWE.

13 6. Staff has recommended that the waiver to exclude sales to Freeport McMoran Inc.
14 mining operations at Morenci and Safford from the calculations of the REST Rules requirements should
15 continue.

16 7. Staff has further recommended that the waiver of non-mining load from the annual
17 Distributed Renewable Energy Requirement under Arizona Administrative Code ("A.A.C.") R14-2-
18 1805 should continue.

19 8. In addition, Staff has recommended that MWE's 2015-16 REST Plan should remain in
20 effect for 2017 and 2018.

21
22 CONCLUSIONS OF LAW

23 1. MWE is an Arizona public service corporation within the meaning of Article XV,
24 Section 2, of the Arizona Constitution.

25 2. The Commission has jurisdiction over MWE and over the subject matter of the
26 application.

1 3. The Commission, having reviewed the application and Staff's Memorandum dated July
2 26, 2016, concludes that it is in the public interest to approve MWE's alternative proposal of partial
3 waivers, and MWE's 2015-16 REST Plan remaining in effect for 2017 and 2018.

4 ORDER

5 IT IS THEREFORE ORDERED that Morenci Water and Electric Company's waiver to
6 exclude sales to Freeport McMoran Inc. mining operations at Morenci and Safford from the calculations
7 of the REST Rules requirements shall continue.

8 IT IS FURTHER ORDERED that Morenci Water and Electric Company's waiver of non-
9 mining load from the annual Distributed Renewable Energy Requirement under A.A.C. R14-2-1805
10 shall continue.

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4 IT IS FURTHER ORDERED that Morenci Water and Electric Company's 2015-16 REST Plan
5 shall remain in effect for 2017 and 2018.

6 IT IS FURTHER ORDERED that this Order shall take effect immediately.

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BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

10	CHAIRMAN LITTLE		COMMISSIONER STUMP
11			
12			
13	COMMISSIONER FORESE	COMMISSIONER TOBIN	COMMISSIONER BURNS

14
15 IN WITNESS WHEREOF, I, JODI A. JERICH, Executive
16 Director of the Arizona Corporation Commission, have
17 hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of Phoenix,
this _____ day of _____, 2016.

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20 JODI A. JERICH
EXECUTIVE DIRECTOR

21
22 DISSENT: _____

23
24 DISSENT: _____

25 TMB: JJP: /

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1 SERVICE LIST FOR: Morenci Water and Electric Company
2 DOCKET NO. E-01049A-16-0206

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10 Arizona Corporation Commission
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15 Arizona Corporation Commission
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18 Mr. Dwight Nodes
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